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SENATE BILL 184

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

TIMOTHY Z. JENNINGS

AN ACT

RELATING TO STATE LOTTERY REVENUES; EARMARKING FIFTY PERCENT OF
LOTTERY NET REVENUES FOR DISTRIBUTION TO PUBLIC SCHOOLS FOR
EDUCATIONAL TECHNOLOGY PURSUANT TO THE TECHNOLOGY FOR EDUCATION
ACT; AMENDING SECTIONS OF THE NMSA 1978; MAKING AN
APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-24-24 NMSA 1978 (being Laws 1995,
Chapter 155, Section 24) is amended to read:

"6-24-24. DISPOSITION OF REVENUE. --

A. As nearly as practical, an amount equal to at
least fifty percent of the gross annual revenues from the sale
of lottery tickets shall be returned to the public in the form
of lottery prizes.

B. The authority shall transmit all net revenues to

Underscored material = new
[bracketed material] = delete

Underscored material = new
[bracketed material] = delete

1 the state treasurer who shall deposit [~~sixty~~] fifty percent of
2 the revenues in the [~~public school capital outlay~~] educational
3 technology fund for expenditure pursuant to the provisions of
4 the [~~Public School Capital Outlay~~] Technology for Education Act
5 and [~~forty~~] fifty percent in the lottery tuition fund.

6 Estimated net revenues shall be transmitted monthly to the state
7 treasurer for deposit in the funds; provided the total amount of
8 annual net revenues for the fiscal year shall be transmitted no
9 later than August 1 [~~each~~] of the following fiscal year.

10 C. In determining net revenues, operating expenses
11 of the lottery include all costs incurred in the operation and
12 administration of the lottery and all costs resulting from any
13 contracts entered into for the purchase or lease of goods or
14 services required by the lottery, including [~~but not limited to~~]
15 the costs of supplies, materials, tickets, independent audit
16 services, independent studies, data transmission, advertising,
17 promotion, incentives, public relations, ~~communications,~~
18 ~~commissions~~ paid to lottery retailers, printing, distribution of
19 tickets, purchases of annuities or investments to be used to pay
20 future installments of winning lottery tickets, debt service and
21 payment of any revenue bonds issued, contingency reserves,
22 transfers to the reserve fund and any other necessary costs
23 incurred in carrying out the provisions of the New Mexico
24 Lottery Act.

25 D. An amount up to two percent of the gross annual

Underscored material = new
[bracketed material] = delete

1 revenues shall be set aside as a reserve fund to cover bonuses
2 and incentive plans for lottery retailers, special promotions
3 for retailers, purchasing special promotional giveaways,
4 sponsoring special promotional events, compulsive gambling
5 rehabilitation and such other purposes as the board deems
6 necessary to maintain the integrity and meet the revenue goals
7 of the lottery. The board shall report annually to the governor
8 and each regular session of the legislature on the use of the
9 money in the reserve fund. Any balance in excess of fifty
10 thousand dollars (\$50,000) at the end of any fiscal year shall
11 be transferred to the lottery tuition fund. "

12 Section 2. Section 6-24-27 NMSA 1978 (being Laws 1995,
13 Chapter 155, Section 27) is amended to read:

14 "6-24-27. REVENUE AND BUDGET REPORTS--RECORDS--INDEPENDENT
15 AUDITS. --

16 A. The board shall:

17 (1) submit quarterly and annual reports to the
18 governor, legislative finance committee and lottery oversight
19 committee disclosing the total lottery revenue, prizes,
20 commissions, ticket costs, operating expenses and net revenues
21 of the authority during the reporting period and, in the annual
22 report, describe the organizational structure of the authority
23 and summarize the functions performed by each organizational
24 division within the authority;

25 (2) maintain weekly or more frequent records of

Underscored material = new
[bracketed material] = delete

1 lottery transactions, including the distribution of lottery
2 tickets to retailers, revenue received, claims for prizes,
3 prizes paid, prizes forfeited and other financial transactions
4 of the authority; and

5 (3) use the state government fiscal year.

6 B. The board shall provide, for informational
7 purposes, to the department of finance and administration and
8 the legislative finance committee, by December 1 of each year, a
9 copy of the annual proposed operating budget for the authority
10 for the succeeding fiscal year. This budget proposal shall also
11 be accompanied by an estimate of the net revenues to be
12 deposited in the [~~public school capital outlay~~] educational
13 technology fund and the lottery tuition fund for the current and
14 succeeding fiscal years.

15 C. The board shall contract with an independent
16 certified public accountant or firm for an annual financial
17 audit of the authority. The certified public accountant or firm
18 shall have no financial interest in any lottery contractor. The
19 certified public accountant or firm shall present an audit
20 report no later than March 1 for the prior fiscal year. The
21 certified public accountant or firm shall evaluate the internal
22 auditing controls in effect during the audit period. The cost
23 of this financial audit shall be an operating expense of the
24 authority. The legislative finance committee may, at any time,
25 order an audit of any phase of the operations of the authority,

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Underscored material = new
[bracketed material] = delete

1 at the expense of the authority, and shall receive a copy of the
2 annual independent financial audit. A copy of any audit
3 performed by the certified public accountant or ordered by the
4 legislative finance committee shall be transmitted to the
5 governor, the speaker of the house of representatives, the
6 president pro tempore of the senate, the legislative finance
7 committee and the lottery oversight committee. "

8 Section 3. Section 22-15A-9 NMSA 1978 (being Laws 1994,
9 Chapter 96, Section 9) is amended to read:

10 "22-15A-9. EDUCATIONAL TECHNOLOGY FUND--DISTRIBUTION.--

11 A. Upon annual review and approval of a school
12 district's educational technology plan, the bureau shall
13 determine a separate distribution from the educational
14 technology fund for each school district.

15 B. On or before July 31 of each year, the bureau
16 shall distribute money in the educational technology fund
17 directly to each school district in an amount equal to ninety
18 percent of the district's estimated entitlement as determined by
19 the projected membership for the school year. A school
20 district's entitlement is that portion of the total amount of
21 the annual appropriation that the projected membership bears to
22 the projected membership of the state. Kindergarten membership
23 shall be calculated on a one-half full-time equivalent basis.

24 C. On or before January 30 of each year, the bureau
25 shall recompute each entitlement using the final funded

Underscored material = new
[bracketed material] = delete

1 membership for that year and shall allocate the balance of the
2 annual appropriation adjusting for any over- or under- projection
3 of membership.

4 D. Any school district receiving funding pursuant to
5 the Technology for Education Act is responsible for the
6 purchase, distribution, use and maintenance of educational
7 technology.

8 E. As used in this section:

9 (1) "annual appropriation" means for any fiscal
10 year the sum of appropriations to the educational technology
11 fund for the fiscal year and all state lottery revenues
12 distributed to the fund in the prior fiscal year; and

13 (2) "membership" means the total enrollment of
14 qualified students, as defined in the Public School Finance Act,
15 on the current roll of class or school on a specified day. The
16 current roll is established by the addition of original entries
17 and re-entries minus withdrawals. Withdrawal of students, in
18 addition to students formally withdrawn from the public school,
19 includes students absent from the public school for as many as
20 ten consecutive school days. "

21 Section 4. EFFECTIVE DATE. -- The effective date of the
22 provisions of this act is July 1, 1997.

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1 FORTY-THIRD LEGISLATURE
2 FIRST SESSION, 1997
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6 March 11, 1997
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8 Mr. President:
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10 Your EDUCATION COMMITTEE, to whom has been referred
11

12 SENATE BILL 184
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14 has had it under consideration and reports same with
15 recommendation that it DO NOT PASS, but that
16

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18 SENATE EDUCATION COMMITTEE SUBSTITUTE FOR
19 SENATE BILL 184
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21 DO PASS, and thence referred to the FINANCE COMMITTEE.
22

23 Respectfully submitted,
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Cynthi a Nava, Chai rman

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2 Adopted _____ Not Adopted _____

3 (Chi ef Clerk)

(Chi ef Clerk)

4

5 Date _____

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8 The roll call vote was 7 For 0 Against

9 Yes: 7

10 No: 0

11 Excused: Duran, Garcia, Pinto

12 Absent: None

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SENATE EDUCATION COMMITTEE SUBSTITUTE FOR
SENATE BILL 184

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

AN ACT

RELATING TO STATE LOTTERY REVENUES; CHANGING THE DISPOSITION OF
LOTTERY NET REVENUES FOR PUBLIC SCHOOL PURPOSES TO INCLUDE
FUNDING FOR EDUCATIONAL TECHNOLOGY PURSUANT TO THE TECHNOLOGY
FOR EDUCATION ACT; CREATING THE LOTTERY TUITION TRUST FUND;
AMENDING AND ENACTING SECTIONS OF THE NMSA 1978; AMENDING A
SECTION OF LAWS 1995; MAKING APPROPRIATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the New Mexico Lottery Act is
enacted to read:

"[NEW MATERIAL] LOTTERY TUITION TRUST FUND CREATED--
PURPOSE. --

A. The "lottery tuition trust fund" is created in the
state treasury. The fund shall be administered by the
commission on higher education as a permanent trust fund. The

1 commission shall provide for investment of the fund by the state
2 investment council. Earnings from investment of the fund shall
3 accrue to the credit of the fund. Any balance in the fund at
4 the end of any fiscal year shall remain in the fund and shall
5 not be appropriated for any purpose except as provided in
6 Subsection B of this section.

7 B. Beginning in fiscal year 2007, an amount not to
8 exceed five percent of the balance in the lottery tuition trust
9 fund on June 30 of the prior fiscal year may be appropriated
10 annually by the legislature to the commission on higher
11 education for distribution to New Mexico's public post-secondary
12 educational institutions to provide tuition assistance for New
13 Mexico resident undergraduates as provided by law. "

14 Section 2. Section 6-24-24 NMSA 1978 (being Laws 1995,
15 Chapter 155, Section 24) is amended to read:

16 "6-24-24. DISPOSITION OF REVENUE. --

17 A. As nearly as practical, an amount equal to at least
18 fifty percent of the gross annual revenues from the sale of
19 lottery tickets shall be returned to the public in the form of
20 lottery prizes.

21 B. The authority shall transmit all net revenues to
22 the state treasurer, who shall deposit [~~sixty~~] twenty-five
23 percent of the revenues in the public school capital outlay fund
24 for expenditure pursuant to the provisions of the Public School
25 Capital Outlay Act, twenty-five percent in the educational

1 technology fund for expenditure pursuant to the Technology for
 2 Education Act, ten percent in the lottery tuition trust fund and
 3 forty percent in the lottery tuition fund. Estimated net revenues
 4 shall be transmitted monthly to the state treasurer for deposit in
 5 the funds; provided the total amount of annual net revenues for the
 6 fiscal year shall be transmitted no later than August 1 [~~each~~] of
 7 the following fiscal year.

8 C. In determining net revenues, operating expenses of the
 9 lottery include all costs incurred in the operation and
 10 administration of the lottery and all costs resulting from any
 11 contracts entered into for the purchase or lease of goods or
 12 services required by the lottery, including [~~but not limited to~~]
 13 the costs of supplies, materials, tickets, independent audit
 14 services, independent studies, data transmission, advertising,
 15 promotion, incentives, public relations, ~~communications,~~
 16 ~~commissions~~ paid to lottery retailers, printing, distribution of
 17 tickets, purchases of annuities or investments to be used to pay
 18 future installments of winning lottery tickets, debt service and
 19 payment of any revenue bonds issued, contingency reserves,
 20 transfers to the reserve fund and any other necessary costs
 21 incurred in carrying out the provisions of the New Mexico Lottery
 22 Act.

23 D. An amount up to two percent of the gross annual
 24 revenues shall be set aside as a reserve fund to cover bonuses and
 25 incentive plans for lottery retailers, special promotions for

1 retailers, purchasing special promotional giveaways, sponsoring
2 special promotional events, compulsive gambling rehabilitation and
3 such other purposes as the board deems necessary to maintain the
4 integrity and meet the revenue goals of the lottery. The board
5 shall report annually to the governor and each regular session of
6 the legislature on the use of the money in the reserve fund. Any
7 balance in excess of fifty thousand dollars (\$50,000) at the end of
8 any fiscal year shall be transferred to the lottery tuition fund."

9 Section 3. Section 6-24-27 NMSA 1978 (being Laws 1995,
10 Chapter 155, Section 27) is amended to read:

11 "6-24-27. REVENUE AND BUDGET REPORTS--RECORDS--INDEPENDENT
12 AUDITS.--

13 A. The board shall:

14 (1) submit quarterly and annual reports to the
15 governor, legislative finance committee and lottery oversight
16 committee disclosing the total lottery revenue, prizes,
17 commissions, ticket costs, operating expenses and net revenues of
18 the authority during the reporting period and, in the annual
19 report, describe the organizational structure of the authority and
20 summarize the functions performed by each organizational division
21 within the authority;

22 (2) maintain weekly or more frequent records of
23 lottery transactions, including the distribution of lottery tickets
24 to retailers, revenue received, claims for prizes, prizes paid,
25 prizes forfeited and other financial transactions of the authority;

1 and

2 (3) use the state government fiscal year.

3 B. The board shall provide, for informational purposes,
4 to the department of finance and administration and the legislative
5 finance committee, by December 1 of each year, a copy of the annual
6 proposed operating budget for the authority for the succeeding
7 fiscal year. This budget proposal shall also be accompanied by an
8 estimate of the net revenues to be deposited in the public school
9 capital outlay fund, the educational technology fund, the lottery
10 tuition trust fund and the lottery tuition fund for the current and
11 succeeding fiscal years.

12 C. The board shall contract with an independent certified
13 public accountant or firm for an annual financial audit of the
14 authority. The certified public accountant or firm shall have no
15 financial interest in any lottery contractor. The certified public
16 accountant or firm shall present an audit report no later than
17 March 1 for the prior fiscal year. The certified public accountant
18 or firm shall evaluate the internal auditing controls in effect
19 during the audit period. The cost of this financial audit shall be
20 an operating expense of the authority. The legislative finance
21 committee may, at any time, order an audit of any phase of the
22 operations of the authority, at the expense of the authority, and
23 shall receive a copy of the annual independent financial audit. A
24 copy of any audit performed by the certified public accountant or
25 ordered by the legislative finance committee shall be transmitted

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1 to the governor, the speaker of the house of representatives, the
2 president pro tempore of the senate, the legislative finance
3 committee and the lottery oversight committee."

4 Section 4. Section 22-15A-9 NMSA 1978 (being Laws 1994,
5 Chapter 96, Section 9) is amended to read:

6 "22-15A-9. EDUCATIONAL TECHNOLOGY FUND--DISTRIBUTION.--

7 A. Upon annual review and approval of a school district's
8 educational technology plan, the bureau shall determine a separate
9 distribution from the educational technology fund for each school
10 district.

11 B. On or before July 31 of each year, the bureau shall
12 distribute money in the educational technology fund directly to
13 each school district in an amount equal to ninety percent of the
14 district's estimated entitlement as determined by the projected
15 membership for the school year. A school district's entitlement is
16 that portion of the total amount of the annual appropriation that
17 the projected membership bears to the projected membership of the
18 state. Kindergarten membership shall be calculated on a one-half
19 full-time equivalent basis.

20 C. On or before January 30 of each year, the bureau shall
21 recompute each entitlement using the final funded membership for
22 that year and shall allocate the balance of the annual
23 appropriation adjusting for any over- or under-projection of
24 membership.

25 D. Any school district receiving funding pursuant to the

1 Technology for Education Act is responsible for the purchase,
2 distribution, use and maintenance of educational technology.

3 E. As used in this section:

4 (1) "annual appropriation" means for any fiscal year
5 the sum of appropriations to the educational technology fund for
6 the fiscal year and all state lottery revenues distributed to the
7 fund and available for distribution in that fiscal year; and

8 (2) "membership" means the total enrollment of
9 qualified students, as defined in the Public School Finance Act, on
10 the current roll of class or school on a specified day. The
11 current roll is established by the addition of original entries and
12 re-entries minus withdrawals. Withdrawal of students, in addition
13 to students formally withdrawn from the public school, includes
14 students absent from the public school for as many as ten
15 consecutive school days. "

16 Section 5. Laws 1995, Chapter 155, Section 38 is amended to
17 read:

18 "Section 38. REPEAL. -- Sections 23 and 24 of the New Mexico
19 Lottery Act are repealed effective July 1, [1999] 2007. "

20 Section 6. EFFECTIVE DATE. -- The effective date of the
21 provisions of this act is July 1, 1997.

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SEC/SB 184

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FORTY-THIRD LEGISLATURE SB 184/a
FIRST SESSION, 1997

March 15, 1997

Mr. President:

Your FINANCE COMMITTEE, to whom has been referred

SENATE EDUCATION COMMITTEE SUBSTITUTE FOR
SENATE BILL 184

has had it under consideration and reports same with recommendation
that it DO PASS, amended as follows:

1. On page 2, line 22, strike "twenty-five" and insert
"thirty-five".
2. On page 2, line 25, strike "twenty-five" and insert
"fifteen".

Underscored material = new
[bracketed material] = delete

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Page 17

Respectfully submitted,

Ben D. Altamirano, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 6 For 2 Against

Yes: 6

No: Lyons, Smith

Excused: Aragon, Ingle, McKibben

Absent: None

Underscored material = new
[bracketed material] = delete

SEC/SB 184

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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1 FORTY-THIRD LEGISLATURE

SB 184/a

2 FIRST SESSION, 1997

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6 March 15, 1997

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8 Mr. President:

9
10 Your FINANCE COMMITTEE, to whom has been referred

11
12 SENATE EDUCATION COMMITTEE SUBSTITUTE FOR
13 SENATE BILL 184

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15
16 has had it under consideration and reports same with recommendation
17 that it DO PASS, amended as follows:

18
19 1. On page 2, line 22, strike "twenty-five" and insert
20 "thirty-five".

21
22 2. On page 2, line 25, strike "twenty-five" and insert
23 "fifteen".

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Respectfully submitted,

SEC/SB 184

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Page 20

Ben D. Altamirano, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 6 For 2 Against

Yes: 6

No: Lyons, Smith

Excused: Aragon, Ingle, McKibben

Absent: None

SO184FC1

Underscored material = new
[bracketed material] = delete

1 FORTY-THIRD LEGISLATURE

SB 184/a

2 FIRST SESSION, 1997

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6 March 15, 1997

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8 Mr. President:

9
10 Your FINANCE COMMITTEE, to whom has been referred

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12 SENATE EDUCATION COMMITTEE SUBSTITUTE FOR

13
14 SENATE BILL 184

15
16 has had it under consideration and reports same with recommendation

17 that it DO PASS, amended as follows:

18
19 1. On page 2, line 22, strike "twenty-five" and insert
20 "thirty-five".

21
22 2. On page 2, line 25, strike "twenty-five" and insert
23 "fifteen".

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Respectfully submitted,

SEC/SB 184

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Page 22

Ben D. Altamirano, Chairman

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____

The roll call vote was 6 For 2 Against

Yes: 6

No: Lyons, Smith

Excused: Aragon, Ingle, McKibben

Absent: None

SO184FC1

Underscored material = new
[bracketed material] = delete